



BUDGET COMMITTEE

Judd Gregg, Ranking Member
<http://budget.senate.gov/republican>

Contact: Betsy Holahan (202)224-6011
Jeff Turcotte (202)224-2574

Reconciliation Process Abused to Expand Higher Education Spending By Billions

"The reconciliation process is supposed to give Congress a chance to review entitlement spending programs that grow unchecked year after year. To find massive amounts of savings in entitlement programs, and use only a tiny fraction of it for deficit reduction while hijacking the rest for the creation and expansion of new programs, is a blatant abuse of this process. Reconciliation is being used as a stalking horse for billions in new spending, and it sets a terrible precedent."

-- Senator Judd Gregg, June 20, 2007

➤ **Instead of Deficit Reduction, Spending Will Increase by Nearly \$19 Billion**

- The reconciliation process - a way for Congress to review automatic spending, find savings and reduce the deficit - is being manipulated to increase federal entitlement spending by nearly \$19 billion. Here's how...
- Reconciliation instructions in the Democrats' fiscal year 2008 budget resolution were limited to a request that the HELP Committee reduce entitlement spending by \$750 million over five years, savings that must be used to reduce the federal deficit.
- The Higher Education package, approved by the HELP Committee on June 20th, uses the pretense of reconciliation to find \$19.5 billion in savings in entitlement programs but then expands and creates NEW entitlement spending that will cost nearly \$19 billion, leaving only a tiny amount for deficit reduction.
- In fact, the entitlement savings is so small that it is virtually meaningless when compared to spending that would otherwise occur under current law.

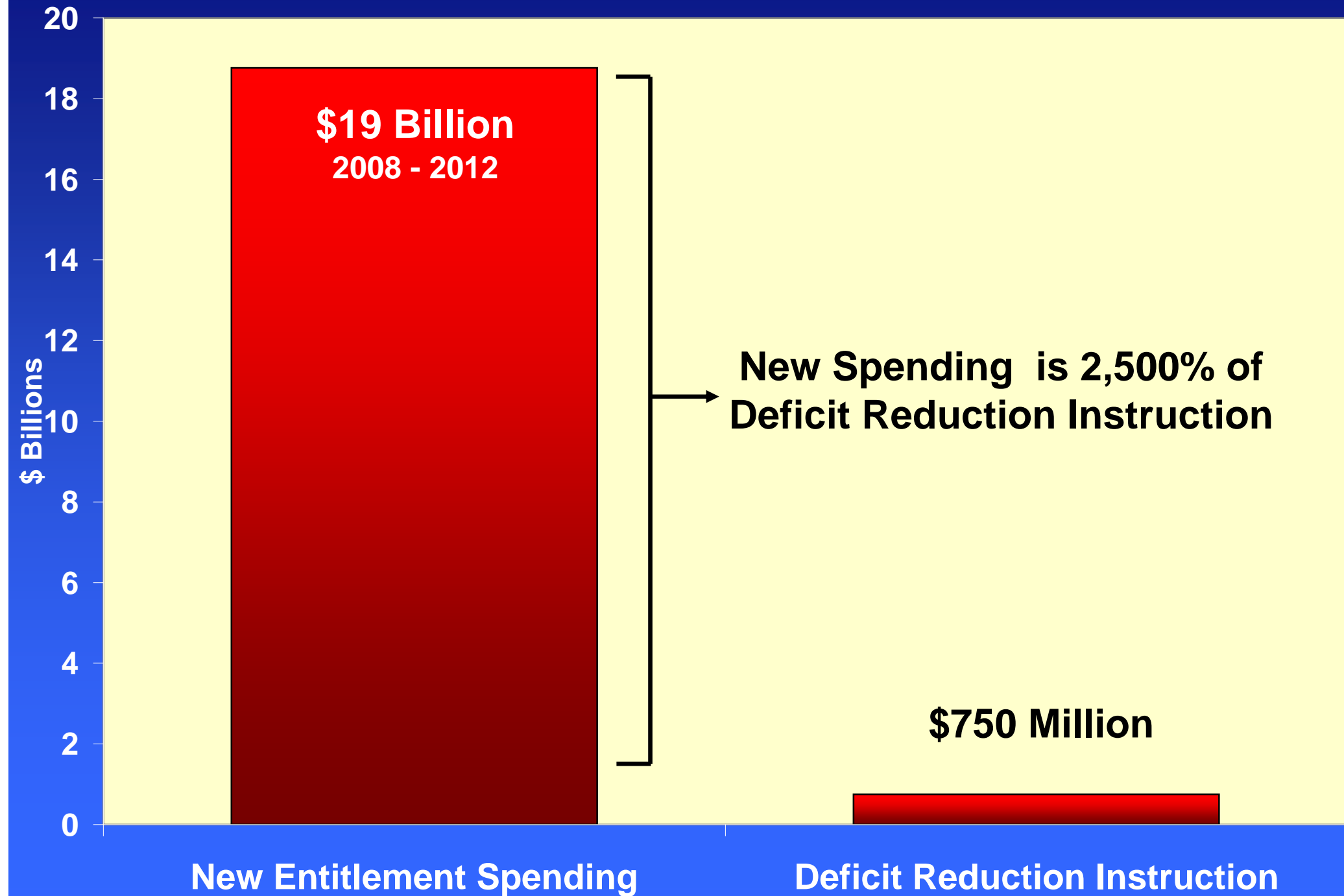
➤ **New Spending Will Be as Much as 2,500 Percent of the Savings Instruction**

- Democrats this year threw out a bi-partisan provision in the Senate-passed budget resolution that would have limited any new spending in response to reconciliation instructions to 20 percent.
- By playing political and budgetary gamesmanship with the reconciliation process, new spending is likely to be as much as 2,500 percent of, or 25 times, the savings instruction.

➤ **Deficit Reduction Amount is Miniscule Compared to Previous Reconciliation Bills**

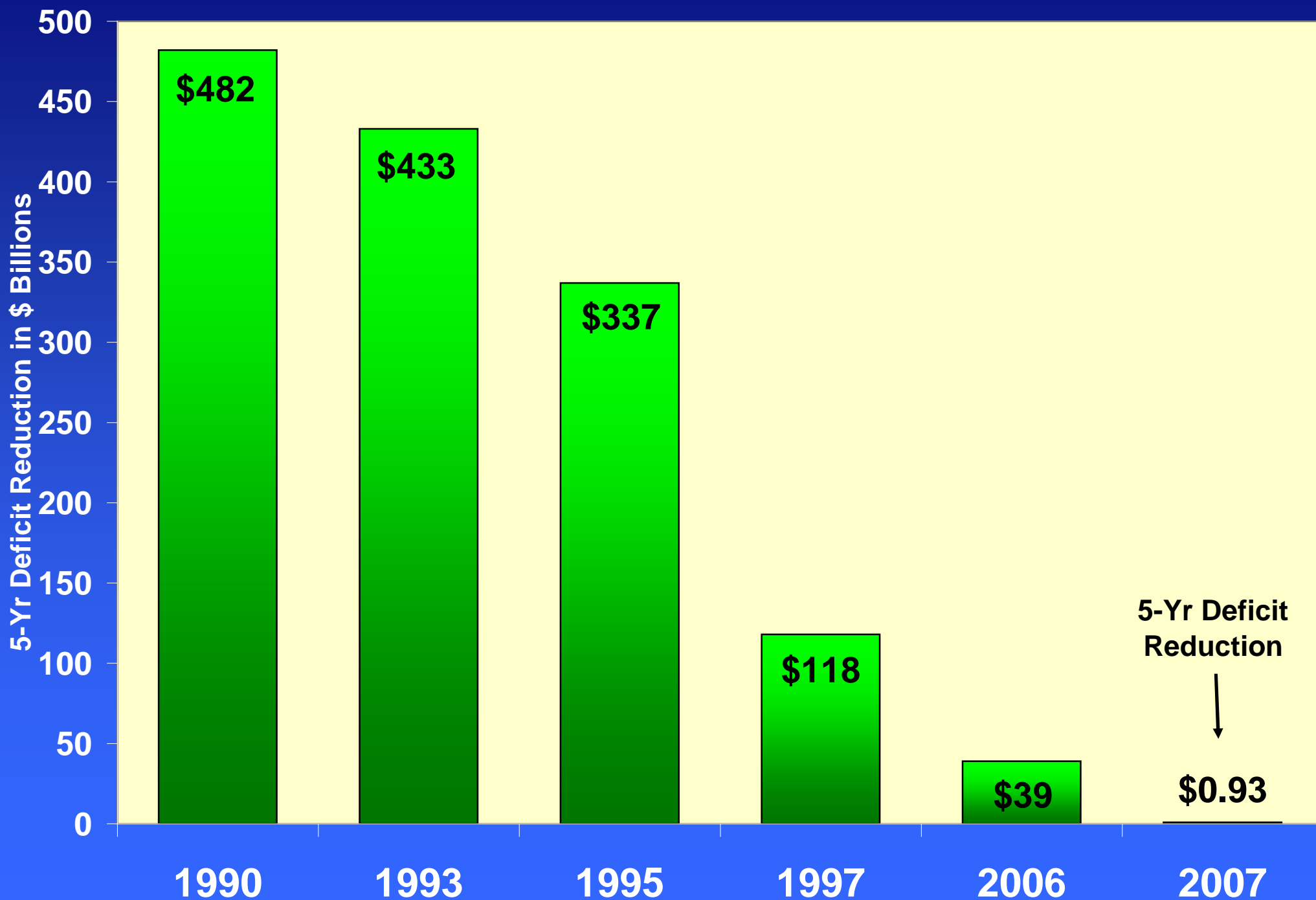
- Democrats' extremely small \$750 million reconciliation instructions is dwarfed by the \$34.6 billion reconciliation instructions included in the FY 2006 budget resolution when Senator Gregg chaired the Senate Budget Committee, which resulted in deficit reduction of nearly \$40 billion over five years.
- Democrats' tiny \$930 million net deficit reduction is laughable compared to previous reconciliation efforts: 1997 - \$118 billion in deficit reduction over five years; 1995 - \$337 billion in deficit reduction over five years; 1993 - \$433 billion in deficit reduction over five years; 1990 - \$482 billion in deficit reduction over five years.

S. 1762 USES RECONCILIATION TO EXPAND ENTITLEMENT SPENDING



HISTORICAL DEFICIT REDUCTION IN RECONCILIATION BILLS

S. 1762 Deficit Reduction Meaningless Compared to Other Bills



Source: Senate Budget Committee Republican Staff

S. 1762 SPENDING REDUCTION IS MEANINGLESS

